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WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In The Matter Of The Petition Of:

MILWAUKEE BUILDING AND CONSTRUCTIONS
TRADES COUNCIL, AFL-CIO,

To Initiate Mediation-Arbitration
Between Said Petitioner And:

Decision No. 18373-A

SEWERAGE COMMISSION OF THE CITY OF
MILWAUKEE

The Milwaukee Building and Construction Trades Council, AFL-CIO, hereinafter referred to as the Union, and the Sewerage Commission of the City of Milwaukee, hereinafter referred to as the Employer, have been parties to a collective bargaining agreement covering wages, hours and working conditions of employees in a collective bargaining unit consisting of skilled journeymen and building trades craftsmen. The agreement between the parties expired on July 31, 1980.

On July 15, 1980, the parties exchanged their initial proposals on matters to be included in a new collective bargaining agreement. Thereafter the parties met on nine occasions in efforts to reach an accord on a new collective bargaining agreement. On November 26, 1980, the Union filed a petition requesting that the Wisconsin Employment Relations Commission initiate Mediation-Arbitration pursuant to Section 111.70(4)(cm)6 of the Municipal Employment Relations Act. On October 2 and 8, and November 5 of 1980, a member of the commission's staff conducted an investigation which reflected that the parties were deadlocked in their negotiations. On December 8, 1980, the parties submitted to the investigator their final offers as well as a stipulation on the matters agreed upon and the investigator notified the parties that the investigation was closed. The investigator advised the commission that the parties were at impasse. The commission has certified that the conditions precedent to the initiation of Mediation-Arbitration with respect to wages, hours and conditions of employment for a new collective bargaining agreement have been met. It ordered the parties to select a Mediator-Arbitrator. Upon being advised that the parties had selected Zel S. Rice II of Sparta, Wisconsin, as the Mediator-Arbitrator the commission appointed him on February 19, 1981.

A mediation session was held at Milwaukee, Wisconsin, on April 10, 1981 and the final offers of the parties were presented to the Mediator-Arbitrator. A copy of the Union's offer has been marked as Appendix "A" and is attached hereto. A copy of the Employer's offer has been marked as Appendix "B" and is attached hereto. The Union's final offer consisted of two parts. One was a proposal that all employees would be paid the prevailing building trades rate in effect on August 1, 1980, and on August 1, 1981, less 70 cents per hour from those rates for each classification. The Union also proposed that the Employer agree to pay for a total of 32 hours of time lost by members of the Union bargaining committee in negotiating a labor agreement with the Employer during working hours. The Employer's final offer did not include any proposal with regard to compensation for contract negotiations, but consisted of a wage proposal only. The proposal would be effective August 1, 1980. The hourly basic wage paid to the employees would be 94 percent of the prevailing Milwaukee Area Building Trades hourly basic wage rates by craft title in effect on December 8, 1980, and on August 1, 1981, the hourly basic wage rate would be 93 percent of the prevailing Milwaukee Area Building Trades hourly basic wage rates by craft title in effect on August 1, 1981. In the course of the mediation session several different proposals were considered by the parties but no agreement

could be reached. At that stage of the proceedings the undersigned determined that there was no possibility of agreement by the parties and the arbitration phase of the proceedings was conducted on May 13 and 14, 1981 at Milwaukee, Wisconsin.

The bargaining unit consists of 28 positions in the various crafts employed by the Employer. Some outside contractors provide employees for the various crafts to assist with the maintenance work of the Employer. Those craftsmen provided by the outside contractors are paid the prevailing rate by those contractors.

In 1973 the Employer and the Union agreed that the Building Trades craftsmen employed by the Employer would receive 55 cents per hour less than the prevailing rate. That differential increased to 70 cents as a result of the 1979 negotiations.

During 1979 the prevailing rate for bricklayers was \$12.27 an hour. Bricklayers employed by the Employer received 70 cents off that rate or \$11.57. The prevailing rate for bricklayers was increased 8.15 percent in 1980 to \$13.27 per hour and in 1981 it was increased 9.4 percent to \$14.47 per hour. Under the Union's proposal the Employer's bricklayers would receive \$12.57 an hour during 1980 which would be an 8.64 percent increase and \$13.77 per hour in 1981 which would be a 9.55 percent increase. The Employer's proposal would pay a bricklayer \$12.47 an hour during 1980 and \$13.31 an hour during 1981. The prevailing rate for carpenters in 1979 was \$11.87 and the Employer paid its carpenters 70 cents off that rate or \$11.17 per hour. The prevailing rate for carpenters was increased to \$12.97 during 1980 or 9.27 percent and to \$14.12 for 1981 which was another 8.87 percent. Under the Union's proposal the Employer's carpenters would receive \$12.27 an hour during 1980, which would be a 9.85 percent increase, and \$13.42 an hour during 1981, which would be 9.37 percent increase. Under the Employer's proposal a carpenter would receive \$12.19 per hour during 1980 and \$13.13 per hour during 1981. The prevailing rate for electrical mechanics in 1979 was \$12.79 and the Employer paid its electrical mechanics \$12.09 per hour. In 1980 the prevailing rate for electrical mechanics was increased to \$14.14 per hour or 10.55 percent. In 1981 the prevailing rate was increased to \$15.49 per hour or another 9.55 percent. Under the Union's proposal the Employer's electrical mechanics would receive \$13.44 during 1980, which would be an 11.16 percent increase, and \$14.79 per hour during 1981, which would be a 10.04 percent increase. The Employer's proposal would pay an electrical mechanic \$13.29 during 1980 and \$14.41 per hour during 1981. The prevailing rate for painters during 1979 was \$11.20 and the Employer paid its painters \$10.50 per hour. In 1980 the prevailing rate for painters was increased to \$12.10 per hour, which was an 8.04 percent increase, and in 1981 the rate was increased to \$13.20 per hour, which was a 9.09 percent increase. Under the Union's proposal a painter would receive \$11.40 per hour during 1980, which would be an 8.57 percent increase, and \$12.50 an hour during 1981, which would be a 7.56 percent increase. The Employer's proposal would provide a painter with a rate of \$11.37 per hour during 1980 and \$12.27 per hour during 1981. The prevailing rate for sheet metal workers during 1979 was \$12.37 per hour and the Employer paid its sheet metal workers \$11.67 per hour. In 1980 the prevailing rate for sheet metal workers was increased to \$13.70 which was a 10.75 percent increase. Under the Union's proposal a sheet metal worker would get \$13.00 an hour during 1980 which would be an 11.39 percent increase. The Employer would pay a sheet metal worker \$12.87 an hour during 1980. The prevailing rate for steam fitters in 1979 was \$12.37 an hour and the Employer paid its steam fitters \$11.67 per hour. In 1980 the prevailing rate for steam fitters was increased to \$13.54 an hour, which was a 9.46 percent increase, and in 1981 the rate was increased to \$15.07 per hour, which was an 11.3 percent increase. Under the Union's proposal a steam fitter would receive \$12.84 per hour increase in 1980, which would be a

10.02 percent increase, and during 1981 the rate would be \$15.37 an hour, which would be an 11.46 percent increase. The Employer's proposal would pay a steam fitter \$12.72 an hour during 1980 and \$14.01 per hour during 1981. The prevailing rate for operating engineers in 1980 is \$12.86 per hour and under the Union's proposal the Employer's operating engineer would receive \$12.16 an hour. Under the Employer's proposal the operating engineer would receive \$12.08 per hour during 1980.

The average number of men employed as electricians in the Milwaukee Metropolitan area by electrical contractors during 1977 was 1,262. They worked an average of 38.18 hours per week. During 1978 the average number of men employed was 1,394 and the average number of hours per week was 38.61. During 1979 the average number of men employed was 1,410 and the average number of hours per week was 37.55. During 1978 the average number of men employed was 1,275 and the average number of hours per week was 36.41. These numbers included apprentices as well as journeymen electricians and it includes work by contractors from outside the Milwaukee area who come in to the Milwaukee area. The number of hours worked by each individual electrician varies. There are peaks and valleys through the year. The electrical contractors are busiest in June, July, August, March and April. The work slows down during the winter months because there is less construction. During the period from June 1, 1978, to June 1, 1979, 204 electricians worked less than 500 hours, 95 worked between 500 and 1,000 hours, 123 worked between 1,000 and 1,500 hours, 909 worked between 1,500 and 2,000 hours, and 574 worked more than 2,000 hours. During the period from June 1, 1979, to June 1, 1980, 155 electricians worked less than 500 hours, 95 worked between 500 and 1,000 hours, 132 worked between 1,000 and 1,500 hours, 1,115 worked between 1,500 and 2,000 hours and 345 worked over 2,000 hours.

The three major breweries in the Milwaukee area employ 140 electricians. These electricians get 25 cents per hour under the scale of the prevailing rate and they receive all other vacations, pensions, medical and other benefits received by the other employees at the breweries. The electricians employed by the breweries perform all of the jobs that are pertinent to the trade. The breweries do not use the Union hiring hall to hire electricians. They may give them an electronics quiz when they are hired but the basic qualification is that they must be journeymen electricians. The breweries do not hire apprentices. The electricians employed by the Schlitz Brewery work regular hours that range from a low of 560 to a high of 2,180. This included employees who were terminated, retired or otherwise worked only part of the year. Their total earnings for the year 1979 ranged from a low of \$7,149.80 to a high of \$27,017.39. During 1980 the regular hours worked by electricians employed by the Schlitz Brewery ranged from a low of 408 to a high of 2,200. Their earnings ranged from a low of \$6,096.15 to a high of \$31,753.15. The electricians employed at the Miller Brewery had total hours ranging from a low of 224 1/2 hours to a high of 2,816 hours during 1980. Their total salaries for that year ranged from a low of \$3,517.65 to a high of \$45,720.38. This included employees who were only with the brewery for part of the year. Almost all of the electricians at the Miller Brewery worked more than 2,000 hours during 1980. The 1979 gross earnings of electricians at the Miller Brewery ranged from a low of \$11,346.61 to a high of \$43,982.64. All but two of the electricians at Miller earned more than \$25,000.00 during 1979 and the great majority of them earned in excess of \$30,000.00. The straight time rate for electricians at the breweries produced an annual wage of \$25,458.92 in 1979 and \$27,720.75 in 1980.

The outside steam fitters in the Metropolitan Milwaukee area worked an average of over 1,500 hours from June 1, 1979 to May 31, 1980. Steam fitters in the private sector sometimes work in excess of 2,000 hours. There are 55 or 60 steam fitters in the brewery industry and they work in excess of 2,000 hours. They do maintenance and construction at the breweries and they are all journeymen steam fitters. The breweries are not required to hire their steam fit-

ters through the Union hiring hall. Some of the outside contractors in the Milwaukee area have a regular cadre of steam fitters and other skilled craftsmen who work about 2,000 hours each year. As they have additional work to do extra employees are hired for a particular job and those employees may work less than 2,000 hours.

The outside contractors do both construction work and maintenance work. The outside contractors pay all of their tradesmen the prevailing rate.

The Employer has 28 positions in this bargaining unit. At the present time only 27 of the positions are filled. They are 10 electricians, 8 steam fitters, 4 painters, 1 bricklayer, 1 sheet metal worker, 1 operating engineer, and 2 carpenters. In addition to those members of the bargaining unit outside contractors provide 20 to 25 other building trades employees and they are paid by the outside contractors and receive the prevailing wage and the benefits paid by outside contractors. Some of the outside building trades people working at the Employer's facility are temporary while others are there for long periods. The outside people do the same work as the bargaining unit employees when they work there.

The Employer's facility at Jones Island is not the most desirable place to work. It is an old plant and there are odors, gases and dust that make the work somewhat less than pleasant. Seventy-five percent of the bargaining unit works regularly at the Jones Island facility. The remaining 25 percent work regularly at the South Shore plant, which is a new and modern facility with very pleasant working conditions. There is some danger attached to the work at the Jones Island facility because of the presence of gases and toxic materials. There are some physical dangers too, but probably no greater than those faced by many building trades employees in the construction industry.

The Employer has a safety and security supervisor to insure that employees follow OSHA and DILHR standards. She has implemented a hard hat and safety glass program and a lock out system for each trade when equipment is being repaired. There is a program for life belts and life lines and the gases in the plant are monitored regularly. Protective equipment is used for handling PVC. During the last four years there have been no outbreaks of illness because of working conditions at the facility. While the Employer adheres to all the OSHA and DILHR standards, there are still hazards and risks at the plant. However, the OSHA and DILHR standards are adequate to protect the employees.

The employees in the bargaining unit have a mean length of service of 16.78 years and the median service is 20 years. The median seniority for the building trades employees of the Employer is two or three times greater than that for its other employees. During 1980 the wages earned by the employees in the bargaining unit ranged from a low of \$17,671.50 to a high of \$40,236.15. Those employees who had earnings of less than \$22,000.00 all worked less than a full year. The average 1980 wage for the members of the bargaining unit was \$30,437.21 which included an average of 246.25 hours of overtime. The average salary of the supervisors who oversee the work of the members of the bargaining unit is \$26,396.00. The mean age of the members of the bargaining unit is 50 years and the median age is 52 years. It is an experienced bargaining unit. No one from the bargaining unit has been given a layoff for a number of years. During 1979 and 1980 only four people left the bargaining unit. A sheet metal worker and an electrician retired, one painter died and one painter was unable to work. The Employer had eleven steam fitters and three carpenters walk in and apply for positions with it during 1979 and 1980. There was no advertising for either of those positions. The Employer advertised for electricians, painters and sheet metal workers during 1979 and 1980 and it received nineteen applications from electricians, eighteen applications from painters and seven applications from sheet metal workers.

During the period from 1972 to 1973 the outside weighted wage and benefit cost for the bargaining unit was \$9.43. The outside weighted wage was \$8.00. The Employer had a weighted wage from 1972 to 1973 of \$7.679, which was 96.15 percent of the outside wage. From 1973 to 1974 the outside weighted wage and benefit cost was \$9.90, which was a 5 percent increase over the previous year. The outside weighted wage for that period was \$8.34, which was an increase of 4.25 percent over the previous year. The Employer's weighted wage for the period 1973 to 1974 was \$7.79, which was an increase of 1.3 percent over the preceding year and was 93.41 percent of the outside weighted wage. From 1974 to 1975 the outside weighted wage and benefits cost was \$10.75 per hour, which was an 8.6 percent increase over the previous year. The outside weighted wage for that period was \$9.12 which was a 9.35 percent increase over the previous year. The Employer had a weighted wage of \$8.57 which was 10.01 percent increase over the preceding year and it was 93.97 percent of the outside weighted wage. From 1975 to 1976 the outside weighted wage and benefit cost was \$11.79 per hour, which was a 9.7 percent increase over the previous year. The outside weighted wage was \$9.94, which was 8.99 percent greater than the previous year. The Employer had a weighted wage of \$9.39 that year, which was an increase of 9.57 percent over the previous year, and it constituted 94.47 percent of the outside weighted wage. During 1976 to 1977 the outside weighted wage and benefits cost was \$12.60 per hour, which was 6.9 percent greater than the preceding year. The outside weighted wage was \$10.34, which was 4.02 percent greater than the preceding year. The Employer had a weighted wage of \$9.79 per hour, which was 4.26 percent greater than the preceding year and represented 94.68 percent of the outside weighted wage. From 1977 to 1978 the outside weighted wage and benefit cost for members of the bargaining unit was \$13.30 per hour, which was a 5.6 percent increase over the preceding year. The outside weighted wage was \$10.81 per hour, which was an increase of 4.55 percent. The Employer's weighted wage was \$10.26 per hour, which was 4.80 percent greater than the preceding year and represented 94.91 percent of the outside weighted wage. From 1978 to 1979 the outside weighted wage and benefit cost for the bargaining unit was \$14.42 per hour, which was an 8.4 percent increase over the preceding year. The outside weighted wage for the members of the bargaining unit was \$11.56 which was a 6.94 percent increase over the preceding year. The Employer's weighted wage was \$11.01 per hour, which was an increase of 7.31 percent over the preceding year and represented 95.24 percent of the outside weighted wage. From 1979 to 1980 the outside weighted wage and benefit cost for the bargaining unit was \$15.50 which was an increase of 7.5 percent over the preceding year. The outside weighted wage for members of the bargaining unit was \$12.37 which was an increase of 7.01 percent over the preceding year. The Employer's weighted wage was \$11.67 which was an increase of \$5.99 over the preceding year and represented 94.34 percent of the outside weighted wage. From 1980 to 1981 the outside weighted wage and benefit cost for the bargaining unit was \$17.14 which was a 10.6 percent increase over the preceding year. The outside weighted wage for the bargaining unit was \$13.57 which was a 9.7 percent increase over the preceding year. The weighted wage of the Employer's proposal would be \$12.75 per hour which would be a 9.25 percent increase over the preceding year and would represent 94 percent of the outside weighted wage. The Union's proposal would give the Employer a weighted wage of \$12.87 per hour, which would be a 10.28 percent increase and it would represent 94.84 percent of the outside weighted wage.

Prior to 1973 the wage rate that the Employer paid to its building trades people was 96.15 percent of the outside wage rate for each of the crafts. In 1973 a percentage was no longer used for determining the wages that the Employer paid to each craft. Each of the trades was paid 55 cents an hour below the outside rate. The Employer attempted to offset its fringes against the wage package because its fringe costs were higher than those of outside contractors. From 1978 to 1979 and 1979 to 1980, the offset was increased from 55 cents an hour to 70 cents an hour in the second year in order to make an adjustment for the higher fringes paid by the Employer.

In all of the collective bargaining agreements between the Employer and the Union there has been a provision that the parties agree to recognize that in determining wage increases in future agreements, consideration would be given to a comparison of total compensation costs which included wages plus the per hour work costs of employee benefits. From 1970 to 1973, the Employer paid its building trades employees 96.15 percent of the prevailing rate. From 1973 to 1974 the Union and the Employer agreed that the differential between the prevailing rate and the Employer's wages for building trades employees would be 55 cents. This resulted in the Employer's wage being slightly more than 93 percent of the outside wage from 1973 to 1974. From 1974 to 1975 the Employer's wage had increased to almost 94 percent of the outside wage. From 1975 to 1976 the Employer's wages for building trades employees had increased to more than 94 percent of the prevailing rate. From 1976 to 1977 the Employer's rate was approximately 94.6 percent of the prevailing rate. From 1977 to 1978 the Employer's rate was just under 95 percent of the prevailing rate. From 1978 to 1979 the Employer's rate was about 95 percent of the prevailing rate. From 1979 to 1980 the differential was increased to 70 cents per hour and the Employer's rate became just over 94 percent of the prevailing rate. If the Employer's proposal is adopted the 1980 to 1981 wage of the Employer would be 94 percent of the prevailing rate and in 1981 to 1982 the Employer's wage would be 93 percent of the prevailing rate. If the Union's proposal was adopted the 1980 to 1981 rate would be 94.5 percent of the prevailing rate. As the outside wage rate increases, a fixed offset from the outside rate becomes a smaller offset percentage wise and results in the Employer's wage rate for building trades employees being a greater percentage of the outside wage rate.

The 1980 to 1981 prevailing rate for bricklayers is \$13.27 an hour. In addition to that the employer must pay \$1.35 an hour for health and welfare, 60 cents an hour for vacation, \$1.35 for pension and 23 cents for other benefits, making a total hourly cost for a bricklayer of \$16.80. The 1980 to 1981 prevailing rate for a carpenter is \$12.97 per hour. The employer must also pay \$1.35 to the health and welfare fund, 51 cents for vacation, \$1.15 for pension and 16 cents for other benefits, making a total cost of \$16.14 an hour for a carpenter. The 1980 to 1981 prevailing rate for a electrician is \$15.55. The employer must also pay \$1.10 to the health and welfare fund, \$1.41 towards vacation, 97 cents towards the pension and 32 cents for other benefits, making a total hourly cost for an electrician of \$17.94. The 1980 to 1981 prevailing rate for an operating engineer is \$12.86 per hour. In addition to that the employer must pay \$1.15 to the health and welfare fund, \$1.20 for vacation, and 11 cents for other benefits, making a total labor cost for an operating engineer of \$15.32. The prevailing rate for a painter is \$12.10 per hour. In addition the employer must pay \$1.06 for health and welfare, 65 cents for vacation, \$1.15 for pension and 11 cents for other benefits making a total hourly cost of \$15.07 for a painter. The prevailing rate for a sheet metal foreman is \$14.75 an hour. In addition the outside contractor must pay \$1.29 to the health and welfare fund, 77 cents an hour for vacation, \$1.53 for pension and 23 cents for other benefits, making a total hourly cost for a sheet metal foreman of \$18.57 per hour. The 1980 to 1981 prevailing rate for a steam fitter is \$13.54. In addition to that an outside contractor must pay \$1.57 for health and welfare, \$1.00 for vacation, \$1.15 for pension and 12 cents for other benefits, making the total costs of the steam fitter \$17.38 an hour. The weighted average of the Employer's building trades employees at the prevailing rate would be \$13.57 per hour. The Employer's employees would have a weighted average cost of \$17.14 if they were receiving the prevailing rate and benefits provided by private sector employers. The Employer's weighted average rate for its building trades employees is \$11.67 per hour. In addition they receive welfare benefits of \$1.72 an hour, vacation and holiday benefits of \$1.92 an hour, pension benefits of \$2.08 an hour and miscellaneous pay of 2 cents an hour for a total of \$5.74.

The life insurance benefits cost 9 cents per hour, the health insurance benefits cost 25 cents per hour and the terminal leave benefits cost 3 cents per hour, totaling another 37 cents. The mandated benefits of Social Security cost 90 cents an hour and Workers Compensation costs 13 cents an hour for another \$1.03 per hour. The weighted average cost per hour of the Employer therefore totaled \$18.81 an hour from 1979 to 1980, as compared to the outside contractor's weighted average cost per hour for those same employees from 1980 to 1981 of \$17.14 per hour.

If the Union's final offer were selected the average straight time wage per hour would be \$12.87. In addition to that would be welfare costs representing sick leave, injury, health insurance, life insurance and vision care totaling \$1.80, vacation and holiday pay totaling \$2.11, pension benefits and miscellaneous benefits totaling \$2.33, contractual benefits such as life insurance, health insurance and terminal leave of 37 cents and Social Security and Workers Compensation of \$1.06 an hour, for a total of \$20.54 an hour. That figure should be compared to the \$17.14 per hour cost per hour worked from 1980 to 1981 of the outside contractor that pays its employees the prevailing rate. If the Employer's offer were implemented during 1980 to 1981 the average straight time wage per hour worked would be \$12.75. In addition there would be welfare costs of sick leave, injury, health insurance, life insurance and vision care totaling \$1.78, vacation and holiday benefits totaling \$2.10, pension and miscellaneous pay totaling \$2.29, contractual benefits of life insurance, health insurance and terminal leave of 37 cents and Social Security and Workers Compensation of \$1.04, for a total cost per hour worked during 1980 to 1981 of \$20.33. The Employer's proposal results in a cost per hour worked of \$3.19 per hour more than the cost per hour worked for an outside contractor who pays its employees the prevailing rate. Implementation of the Union's proposal would result in the Employer's costs per hour worked being \$3.40 per hour more than that of an outside contractor that pays its employees the prevailing rate.

The 1979 to 1980 weighted average of the prevailing rate for the Employer's mix of employees would be \$12.37 an hour. The 1980 to 1981 weighted average for the Employer's mix of employees at the prevailing rate would be \$13.57 per hour which would be a 9.7 percent increase over the preceding year. The weighted average of the Employer's 1979 to 1980 wage rate for its mix of employees was \$11.67 per hour. The Employer's 1980 to 1981 offer is \$12.75 per hour which would result in an increase of 9.25 percent. The Union's 1980 to 1981 offer would result in a wage of \$12.87 per hour, which would be a 10.28 percent increase. Excluding legally mandated benefits such as Social Security, Unemployment Compensation and Workers Compensation, the Employer's 1979 to 1980 cost per hour worked were \$17.78 per hour. The outside trades costs per hour worked for 1980 to 1981 is \$17.14 per hour while the costs per hour under the Union's offer would be \$19.48 per hour and under the Employer's offer would be \$19.29 per hour. These costs are based on the Employer's mix of craft employees. The Employer's total benefits over and above the wages represents 46 percent of its payroll costs.

The pattern over the years has been that the outside contractors do not have many employees during January, February, March and April. In May employment increases 20 to 25 percent and remains at that level through October when it starts to slack off during November and December until it gets back to the January level. From June 1, 1979, to May 31, 1980, steam fitters averaged 1,500 hour per man per year, carpenters averaged 1,700 hours per man per year and bricklayers averaged 1,250 hours per man per year. From January 1, 1980, to December 31, 1980, electricians averaged 1,900 hour per man per year. In 1979 and 1980 the Employer paid an average hourly rate to its craft employees of \$11.67 per hour, which was 70 cents per hour less than the prevailing rate. Milwaukee County paid \$11.62 per hour, which was 75 cents per hour less than the prevailing rate. The City of Milwaukee paid \$11.38 per hour, which was 92 per-

cent of the prevailing rate. The Milwaukee School Board paid its craft employees \$12.37 an hour, which was the prevailing rate. The State of Wisconsin paid its employees \$12.93 per hour which is 83.4 percent of the total area building rates less the cost of health insurance. The Federal Government in southeast Wisconsin paid its building trades employees \$10.04 per hour. The Employer has the second highest vacation benefit of the six governmental employers in the Milwaukee area who employ building trades employees. Its employees receive more holidays than any of the employees of the other employers in that group. Only Milwaukee County pays for bargaining time and an effort is made to schedule bargaining during nonworking hours. The Employer's life insurance costs for its employees are the highest of any of the six governmental employers in the Milwaukee area. The Employer's pension benefits are the same as the City of Milwaukee. Only Milwaukee County has higher pension benefits and they are the highest of any governmental employer in the Milwaukee area. The Employer's health insurance costs are the third highest of the six governmental employers in the Milwaukee area and the benefits are as high as any of them. It is the only employer that provides its employees with vision insurance and its injury pay is as high as any of the other governmental employers. Only Milwaukee County has a higher cost per hour worked for building trades employees among the six governmental employers in the Milwaukee area. During 1979 to 1980 the City of Milwaukee paid its building trades employees 92 percent of the prevailing rate and it will pay the same 92 percent of the prevailing rate during 1980 to 1981. The Milwaukee Public School paid 100 percent of the prevailing rate from 1979 to 1980 and will do the same from 1980 to 1981. Milwaukee County paid 75 cents less than the prevailing rate to its building trades employees from 1979 to 1980, and it is still bargaining on its 1980 to 1981 rates for building trades employees.

UNION'S POSITION

The Union argues that its proposal calls for a 9.9 percent wage increase for 1981, which is approximately the same increase received by the Employer's other two bargaining units. They received 9 percent and 10 percent increases. It contends that the Employer's proposal is designed to break the wage pattern that has existed between it and the Union since they have engaged in collective bargaining. It argues that there have been no changes in circumstances that would warrant departing from the present offset from the prevailing wage of a flat 70 cents per hour and establishing the wage for members of this bargaining unit based on a percentage of the prevailing wage rate. It asserts that there have been no change in circumstances or job duties that would justify a departure from the cents off formula which it contends has been historically used to calculate wage rates for the members of the bargaining unit. It argues that the Employer has offered no evidence of why labor cost equity cannot be achieved by the cents off formula.

The Union concedes that the issue of paid bargaining time is minor when compared to the wage issue. It makes the argument that there is no justification for a situation where the Employer pays bargaining time to its other bargaining units but denies such pay to the employees represented by the Union.

EMPLOYER'S POSITION

The Employer argues that the 55 cent offset was initiated in 1973 in recognition of the fact that the Employer's building trades employees received a far better total compensation package than their counterparts in the private sector and the Employer's costs per employee were far greater than those of private sector employers. It points out that the initial 55 cent offset resulted in its building trades employees receiving 93.41 percent of the prevailing wage. As wages increased in ensuing years and the offset remained the same, the Employer's wage as a percentage of the outside wage kept increasing because the

offset remained at 55 cents and had increasingly less value in compensating for the Employer's higher benefit costs. By the 1978-79 contract year the Employer's wage had risen to 95.24 percent of the outside wage. The Employer points out that when the previous collective bargaining agreement was negotiated the parties agreed that in 1979-80 the offset would rise to 70 cents per hour in recognition of the fact that the offset had to be increased in order to restore value to it as a means of compensating the Employer for high benefit costs. As a result the Employer's 1980-81 wage declined to 94.34 percent of the rate paid by private sector employers. The Employer asserts that its proposal continues the pattern established by the most recent negotiations while the Union seeks to halt that movement. The Employer contends that the Union's position ignores the fact that benefit costs are rising and that a percentage offset will automatically make an adjustment for that fact.

The Employer argues that its proposal is more in line with the total value of the wage and benefits provided to building trades employees in the private sector than the Union's proposal. It points out that an employer in the private sector with the same mix of employees has a cost per hour per employee that is \$2.15 per hour less than its proposal and \$2.24 per hour less than the Union's proposal. It asserts that its fringe benefits costs are so much higher than those of the private sector employer that they more than cancel out the proposed percentage offset of the prevailing rate. The Employer takes the position that its proposal exceeds that of the private sector even more when the amount of hours an employee works during the course of the year is considered. Its average building trades employee worked 1,708.75 hours in 1980 and spent an average of 371.25 hours on paid leave. They received an average of 246.25 hours in overtime during that year. The Employer asserts that even though its hourly wage excluding fringe benefits is lower than the prevailing rate, the annual wages of its employees are higher than those of employees in the private sector because of the greater stability of employment.

The Employer argues that its proposal compares favorably with the wages paid to other governmental employees in the Milwaukee area. It provides more holidays than any other governmental employer in the area and only the federal government provides more vacation days. Only the school board provides as many hours of sick leave accumulation and the Employer is much more generous in its payout of unused sick leave at retirement than any other governmental employer. Its life insurance coverage is about the same as that provided by other governmental employers in the area and only the Employer picks up the full cost. Milwaukee County provides more generous pension benefits than the Employer which provides pension equal to those provided by the City of Milwaukee and the School Board. Its insurance program is similar to that provided by other governmental employers and it is the only employer to provide fully paid vision insurance. The Employer points out that only Milwaukee County has a higher hourly compensation cost than it does and the primary reason for that is the fact that its pension program is more expensive than the program provided by other employers. It is the Employer's position that its final offer provides a wage and benefit package superior to that received by building trades employees in the private sector or provided by any other governmental employer in the area other than Milwaukee County. It argues that there is no reason why it should be required to increase the generosity of its compensation package.

The Employer argues that its wage offer provides an average wage increase for the 1980-81 contract year of 9.25 percent while the Union's offer would result in an increase of 10.28 percent. It compares this to the private sector wage increase of 9.7 percent. While conceding that its proposal lags behind the increase in the consumer price index of 13.5 percent, it asserts that figure overstates the true increase in the cost of living for its building trades employees.

The Employer argues that its rejection of the Union's proposal for paid bargaining time corresponds with what is being offered to comparable employees. While conceding that it does provide paid bargaining time to the other collective bargaining units with which it negotiates, it points out that these privileges were agreed to in prior negotiations. It asserts that in the past year it has established a pattern of not increasing bargaining time for any employees and its proposal is in line with that pattern. It points out that only Milwaukee County provides paid bargaining time for building trades employees. The Employer asserts that its proposal is in line with most other comparable employers in not providing paid bargaining time for building trades employees and is in line with its internal pattern of not increasing paid bargaining time for any of its employees.

DISCUSSION

The issue of paid bargaining time will be discussed first. The Union makes a strong case for its position of paid bargaining time by pointing out that the Employer provides paid bargaining time to the other bargaining units with which it negotiates. The Employer combats this argument by pointing out that it made those concessions to the other bargaining units in negotiations that occurred sometime ago and they were part of the total agreements reached with those bargaining units. In its negotiations with the Union it has reached agreement by providing substantial benefits to the employees that did not include paid bargaining time. Now it has abandoned the practice of providing any additional paid bargaining time to any bargaining unit which is consistent with its rejection of the Union's demand. The major weakness of the Union's position is the fact that it seeks to compare itself with private sector building trades employees for purposes of wages but wants to be treated like the Employer's other employees when it comes to the issue of paid bargaining time.

The arbitrator finds little justification for denying employees of this bargaining unit 32 hours of paid bargaining time when it provides at least that much time for the other bargaining units. Ordinarily paid bargaining time is a benefit obtained for employees as part of an overall package. Usually it is the result of a concession on the part of the Union in order to obtain the benefit. The Employer has not provided any evidence that would indicate any valid reason why it should provide that benefit to other bargaining units while denying it to the Union. Accordingly the arbitrator finds the Union's position on this issue to be more acceptable than that of the Employer. It should be noted that even the Union concedes that the issue of paid bargaining time is minor when compared to the wage issue.

The parties agree that the wage rate for building trades employees should be the outside wage rate less an offset. The primary disagreement between the parties is how that offset should be calculated. The Employer proposes that the wage rate be 94 percent of the outside rates for the year beginning August 1, 1980 and 93 percent of the outside rates for the year beginning August 1, 1981. The Union proposes that the wage rate be 70 cents per hour less than the outside rate.

It is worth while to review the manner in which the salaries of the Employer's building trades employees have developed. Prior to 1973 the building trades employees received the outside rate less the cost of the ten holidays they received. The net result was that they received 96.15 percent of the outside rate. In 1973 a 55 cent per hour offset from the prevailing rate was negotiated to adjust for the fact that the fringe benefits the Employer paid were significantly higher than the fringes paid by outside contractors. That 55 cent offset resulted in a wage for the Employer's building trades employees that was 93.41 percent of the outside rate. As the outside wage rose in the ensuing years while the 55 cent offset remained the same, the Employer was paying

building trades employees 95.24 percent of the outside rate by 1979 while providing substantially greater fringe benefits. For the 1979-80 contract year the Employer and the Union agreed to increase the offset to 70 cents, lowering the Employer's rate for its building trades employees to 94.34 percent of the outside rate. Since 1973 the cents per hour offset has been adjusted twice to restore a more equitable relationship between the outside rate and that paid by the Employer to its building trades employees. Each time this was done by increasing the cents per hour offset in order to lower the Employer's rate to a level that was around 94 percent of the outside rate. The bargaining history illustrates that whenever the Employer's rate for building trades employees became more than a percent above 94 percent of the outside rate an adjustment was made in the cents per hour offset to bring that rate back down to 94 percent or less. Establishing the offset based on a percentage would retain the relationship between the rate paid the Employer's building trades employees and the rate paid by outside contractors to building trades employees no matter how much the outside employees rate increased. The relationship would remain the same and there would no longer be the distortions that result from a fixed cents per hour offset.

Each of the collective bargaining agreements since 1976 has contained a clause in which the parties agree to recognize that in determining wage increases consideration will be given to comparison of total compensation costs which includes wages plus per hour work costs of employee benefits. Since the parties have agreed that a comparison of total compensation costs should be a factor the arbitrator should give substantial weight to it. The weighted average cost per hour for the outside contractors for the period from 1980 to 1981 was \$17.14 an hour. The Union's final offer would result in a weighted average cost per hour for the Employer of \$20.54 an hour. The Employer's proposal for the 1980-81 period would result in the weighted average costs per hour of \$20.33 which is 21 cents less per hour than that proposed by the Union but \$3.19 per hour more than the weighted average cost per hour for the same employees for outside contractors. The Employer's proposal results in total compensation costs of wages and costs per hour of employee benefits that is much greater than the costs of an outside employer. The Union's proposal results in an even more unfavorable comparison of total compensation costs.

The Union seems to ignore the high costs of the fringe benefits provided to its building trades employees by the Employer. As the costs of fringe benefits paid by the Employer to its building trades employees has increased over the years, it has resulted in total benefits for those employees that are much greater than the total benefits received by building trades employees working for outside employers even though the latter group received higher wages. The outside employer's benefit costs have been capped so that it pays no more than a specific amount for health and welfare, vacation, pension and other benefits while the employees benefits are not capped. For example the Employer pays the full cost of health insurance and if employees have high medical costs during the year the Employer bears the increased burden. If the vision or life insurance carrier raises the premium, the Employer picked up the full increase while the outside employer continues to have a fixed cost. The result is that 46 percent of the payroll for the buildings trades employees of the Employer is allocated to fringe benefits. The fringe benefits paid by the Employer far exceed those paid to building trades employees by outside employers and exceed those paid by all governmental employers to building trades employees in the Milwaukee area except Milwaukee County. Its benefits are comparable to or better than all of the benefits paid by Milwaukee County except for pensions. The federal government provides more vacation in a twenty-five year period than the Employer but the Employer provides more holidays than any other governmental employer in the area. Only the school board provides as many hours in terms of sick leave accumulation as the Employer. The Employer is far more generous than any other employer in terms of an employees ability to receive a payout at

retirement of unused sick leave. The life insurance coverage provided by governmental employers in the area is about the same as that provided by the Employer but the Employer is the only one that picks up the full cost of that coverage. The health insurance programs of the governmental employers are fairly similar but only the Employer provides vision insurance which is 100 per cent Employer funded.

An analysis reveals that the Employer's final offer provides a wage and benefit package far superior to that received by building trades employees in the private sector. The stability of employment offered by the Employer compared with the uncertainties faced by the trades employees in the private sector make the Employer's proposal even more attractive.

The Union has offered no justification for this bargaining unit receiving an even more generous and more expensive compensation package than the one proposed by the Employer. No other group of building trades employees receive a total of wages and fringe benefits that surpass the Employer's proposal. The Union points out that the Employer's wage offer provides an average wage increase for the 1980-81 contract year of 9.25 percent while the cost of living increased during that period at the rate of 13.5 percent. It contends that an employee cannot maintain his or her purchasing power and the same standard of living unless he or she receives a wage increase that is comparable to the increase in the cost of living. The Employer asserts that the consumer price index is not an accurate measure of the true increase in the cost of living. It attaches more credibility to the personal consumption expenditure index. However, that is not a fixed standard but a floating one and does not accurately measure the impact on an employee's purchasing power and standard of living. The building trades employees received an increase of 9.7 percent for the 1980-81 contract year which is less than the 10.28 percent requested by the Union for the bargaining unit. The Union seeks to be tied to the prevailing rate with a fixed cents per hour differential that results in a higher percentage increase than that received by the outside building trades employees. There is no reason why the Employer's building trades employees should receive a higher percentage increase than the outside building trades employees in view of the fact that they receive a superior fringe benefit package. Employees everywhere are suffering from inflation and it is unfortunate. However, there is no reason why the Employer's building trades employees should receive more protection against the ravages of inflation than building trades employees in the private sector. This is especially true in view of the fact that employment is down for building trades employees in the private sector while the Employer has provided increased overtime for its building trades employees.

The Union argues that there have been no changes in circumstances that would warrant the arbitrator changing the present "cents off" method of calculation of its rates. The arbitrator rejects this position because there have been changes in circumstances that warrant changing the 70 cents per hour offset. The 70 cents an hour represents a smaller percentage of the offset than it did when it was first adopted. The Employer's total cost per hour including wages and the cost of other benefits has increased substantially and far surpasses the total cost per hour of the private sector employees with which the Union would like to be compared. Because these factors have been changing over the years the relationships on which the cents per hour offsets were based have been destroyed and become inequitable, making it necessary to change the offset and restore the old relationships. The Union contends that acceptance of the Employer's offer will break the wage pattern which has existed for years. The true fact is that there has not been a wage pattern reflecting a continuous equitable relationship between the building trades employees of the Employer and those in the private sector. The relationship has changed from year to year until it became so inequitable that an adjustment in the cents per hour offset was necessary in order to restore the old relationship. That continuing change in circumstances

is sufficient to justify a departure from the cents off formula which results in a disruption of the existing relationships every time there is a salary change. The Union suggests that labor costs equity can be achieved by the cents off formula and the arbitrator agrees. However, it is necessary to make that adjustment each year when the amount depends upon the change in the prevailing rate.

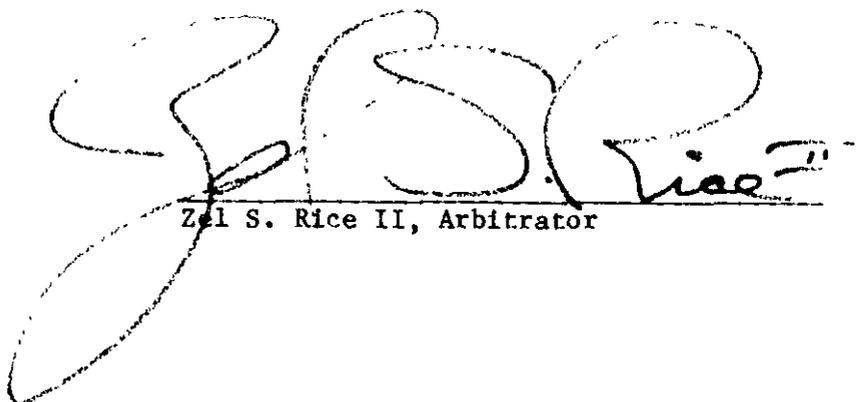
The arbitrator finds that the Employer's proposal will result in modifying the wage offset in a manner that compensates for the high level and costs of the fringe benefits provided to the building trades employees. By utilizing a percentage rather than a fixed cents per hour offset, a stable system is established that maintains the relationship between the Employer's building trades employees and the building trades employees in the private sector. The Employer's total compensation package compares favorably to that provided by other governmental or private sector employers to building trades employees. The Employer pays its building trades employees for a 40 hour week, 52 weeks a year and has been offering them a substantial amount of overtime in recent years. In this period of substantial decline in the construction industry, stability of employment and the overtime potential makes the Employer's proposal very attractive and that factor is considered along with the comparison of the total of wages and benefits paid by the Employer to those paid to building trades employees by the private sector or other governmental employers. The proposal of the Employer is preferable to that of the Union.

It therefore follows from the above facts and discussion thereon that the undersigned renders the following

FINDINGS AND AWARD

After full consideration of the criteria listed in the statute and after careful and extensive examination of the exhibits and arguments of the parties, the arbitrator finds that the Employer's final offer is preferable to that of the Union and directs that it be incorporated into an agreement containing the other items to which the parties have agreed.

Dated at Sparta, Wisconsin, this 30th day of September, 1981.


Zel S. Rice II, Arbitrator

APPENDIX "A"

Name of Case: Milwaukee Metropolitan Sewerage District
Case CLXXIV No 27132 MKO/MKB 951

The following, or the attachment hereto, constitutes our final offer for the purposes of mediation-arbitration pursuant to Section 111.70(4)(cm)6. of the Municipal Employment Relations Act. A copy of such final offer has been submitted to the other party involved in this proceeding, and the undersigned has received a copy of the final offer of the other party. Each page of the attachment hereto has been initialed by me.

12/8
(Date)

James A. Gillmore
(Representative)

On Behalf of: Milwaukee Building + Construction
Local Council C

December 8, 1980

Milwaukee Building and Construction Trades Council's Offer to the Sewerage Commission of the City of Milwaukee

SCHEDULE A, SECTION 1

Wage Rates

Employees shall be paid the prevailing Building Trades rate in effect on August 1, 1980 and on August 1, 1981, less 70¢ per hour on the above rates for each classification.

Add new section as follows:

Compensation for Contract Negotiations

The Commission agrees to pay for a total of 32 hours time lost by members of the Union bargaining committee in negotiating a labor agreement with the Commission during working hours.

The 32 hours is to apply on a per contract basis and shall in no event exceed 32 hours per calendar year.

The Union may allocate the distribution of the 32 hours among the members of its bargaining committee as it sees fit.

James W. Mitchell
Jan 3, 1981

RECEIVED

JAN 7 1981

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION
MILWAUKEE

APPENDIX "B"

Name of Case: Milwaukee Metropolitan Sewerage District
Case CLX/111 No. 27132 MED 345-251

The following, or the attachment hereto, constitutes our final offer for the purposes of mediation-arbitration pursuant to Section 111.70(4)(cm)6. of the Municipal Employment Relations Act. A copy of such final offer has been submitted to the other party involved in this proceeding, and the undersigned has received a copy of the final offer of the other party. Each page of the attachment hereto has been initialed by me.

12-8-80
(Date)

Michael K. Long
(Representative)

On Behalf of: *Sewerage Commission of the City of*
Milwaukee

December 8, 1980

Sewerage Commission of the City of Milwaukee's Offer to the Milwaukee Building and Construction Trades Council

Wages

Effective 8-1-80. The parties agree that the hourly basic wage rate paid to the employees covered by this agreement shall be ninety-four percent (94%) of the prevailing Milwaukee Area Building Trades hourly basic wage rates by craft title in effect on December 8, 1980.

Effective 8-1-81. The parties agree that the hourly basic wage rate paid to the employees covered by this agreement shall be ninety-three percent (93%) of the prevailing Milwaukee Area Building Trades hourly basic wage rates by craft title in effect on August 1, 1981.

M. Long 1-2-81